

Department of the State Treasurer

Joint Appropriations Subcommittee on General Government

March 26, 2015



FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

Outline

- Provide a broad overview of the Department and budget
- Constitutional Office: Article III, Section 7
- Duties prescribed in Article 6, G.S. 147
- Acts as financial advisor to state and local Governments
 - Financial Operations -Investments
 - State and Local Government Financial Oversight
 - Retirement
 - Unclaimed Property
 - State Health Plan*

Mission and Vision of the Department

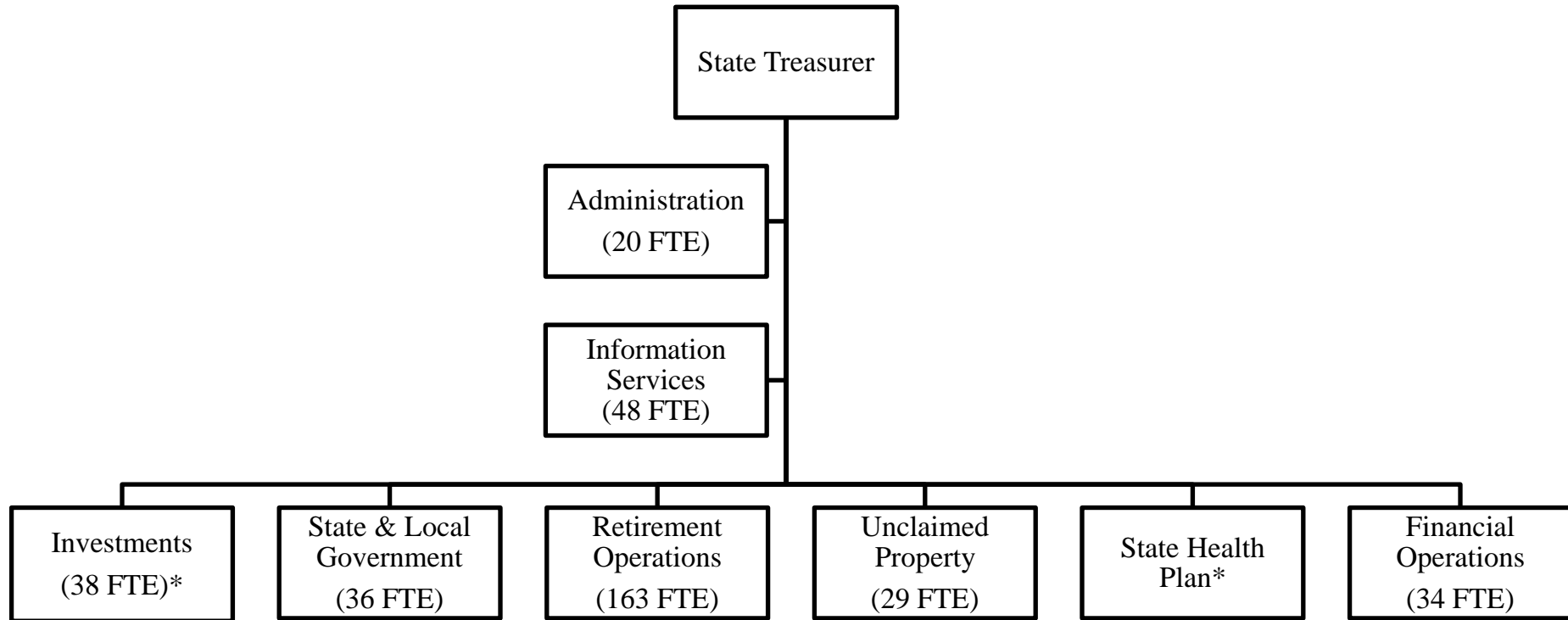
Vision

To create and maintain a fiscally sound and prosperous North Carolina

Mission

To exercise fiduciary oversight and provide outstanding customer service that provides value to, and instills confidence by, the state's citizens, customers, and financial community

Organization of the Department



*Includes 10 positions for Investments Internalization for FY 2014-15.

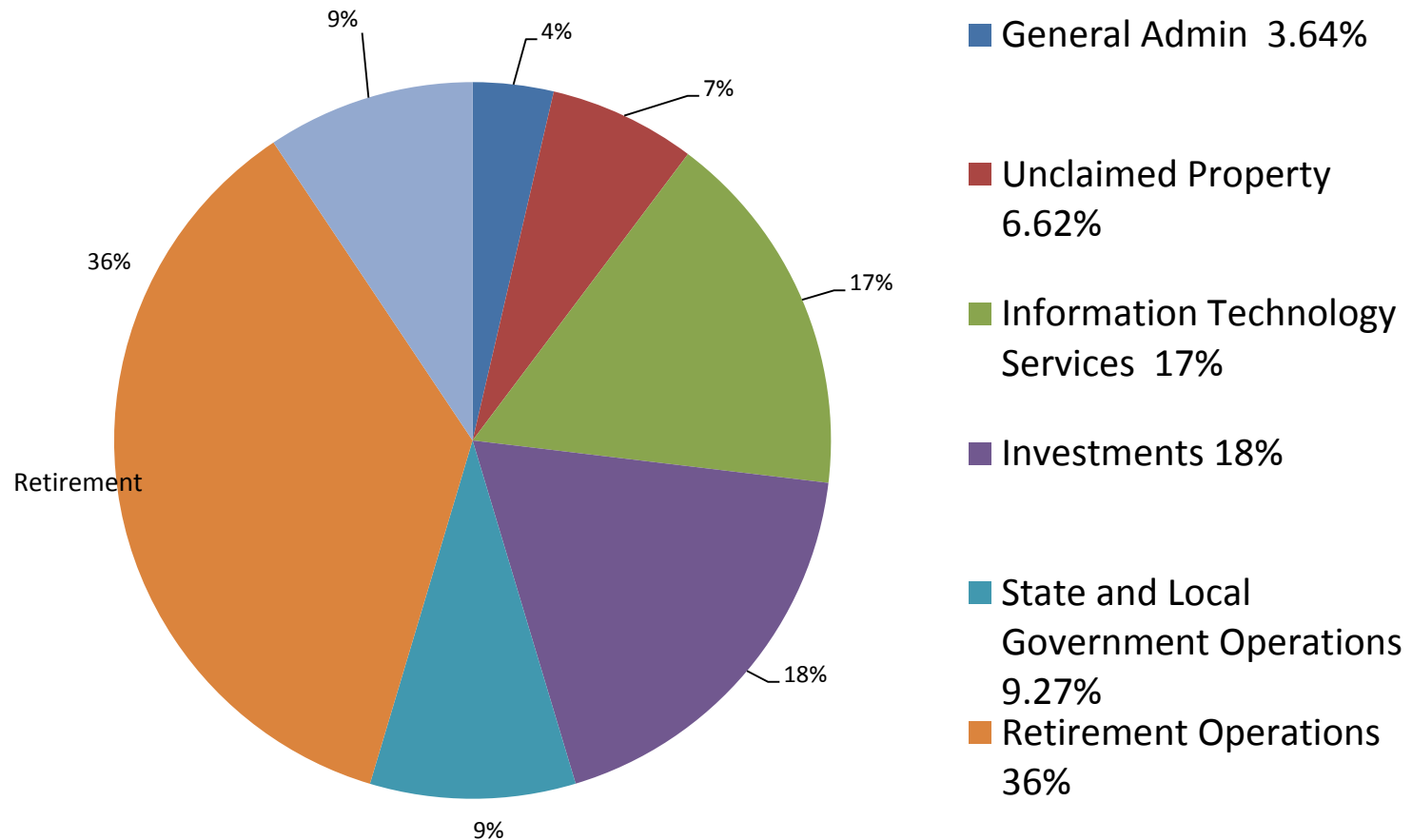
Funding for the Department

- The Department is 100% “Receipt” Supported:
 - Annual Appropriations are reimbursed
 - Funding Sources Include:
 - Funds under management
 - Internal charges to divisions under management
 - Local sales tax and fees related to debt issuances
- General Assembly authorization is required for the expenditure of State funds

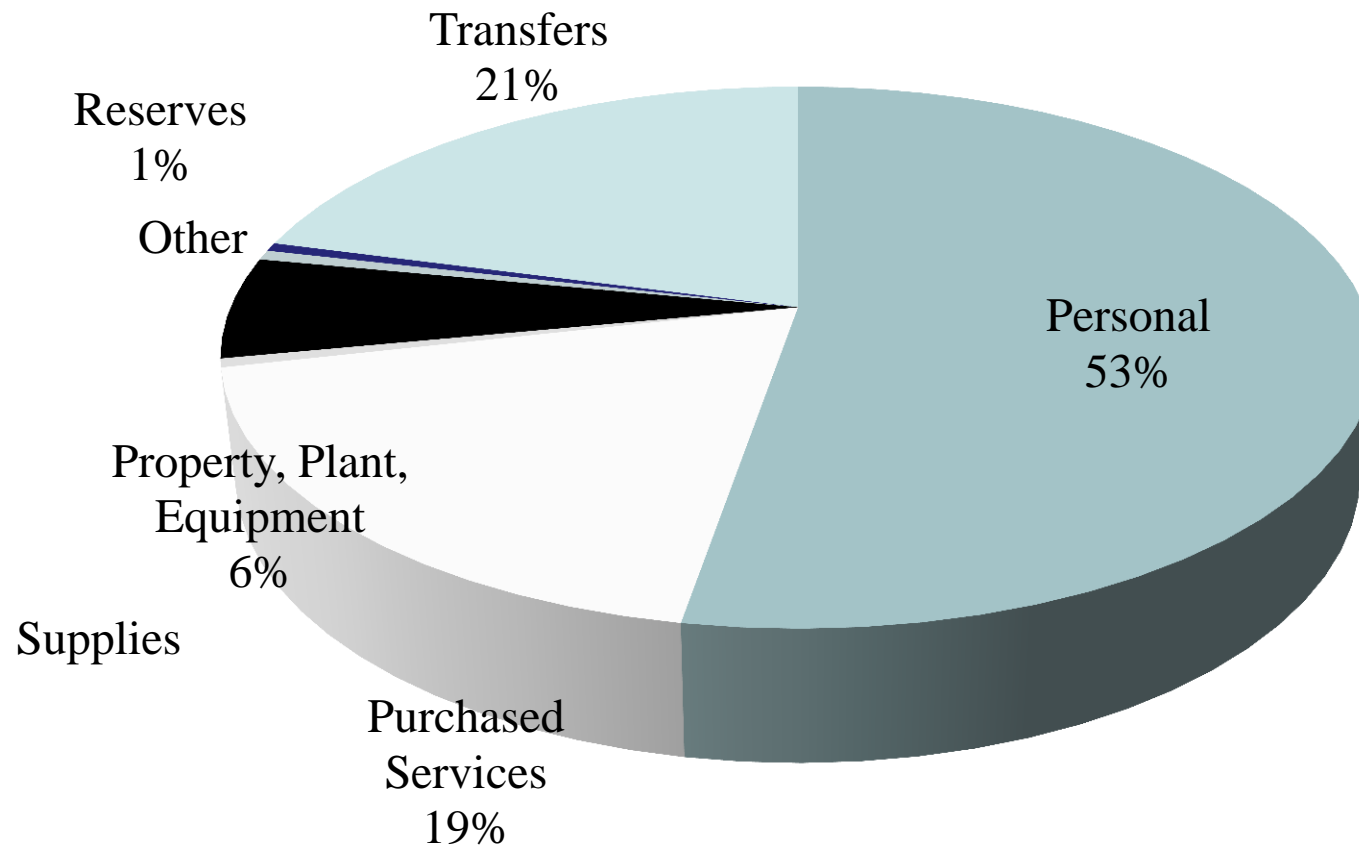
Total Budget Figures

| | Actual | Actual | Actual | Actual | Authorized |
|--------------------|--------------|--------------|--------------|---------------|--------------|
| Fiscal Year | 2011 | 2012 | 2013 | 2014 | 2015 |
| Requirements | \$44,236,979 | \$47,633,252 | \$46,008,906 | \$44,934,7423 | \$53,080,215 |
| Receipts | \$35,560,173 | \$41,166,097 | \$39,610,979 | \$37,384,094 | \$43,291,410 |
| Appropriation | \$8,676,806 | \$6,467,155 | \$6,397,927 | \$7,550,648 | \$9,788,805 |
| FTE (Certified) | 355.94 | 358.9 | 359.9 | 358.9 | 368.94 |

FY 2014-15 Total Authorized Budget, By Division, All Funds



FY 2014-15 Total Expenditures, By Type, All Funds

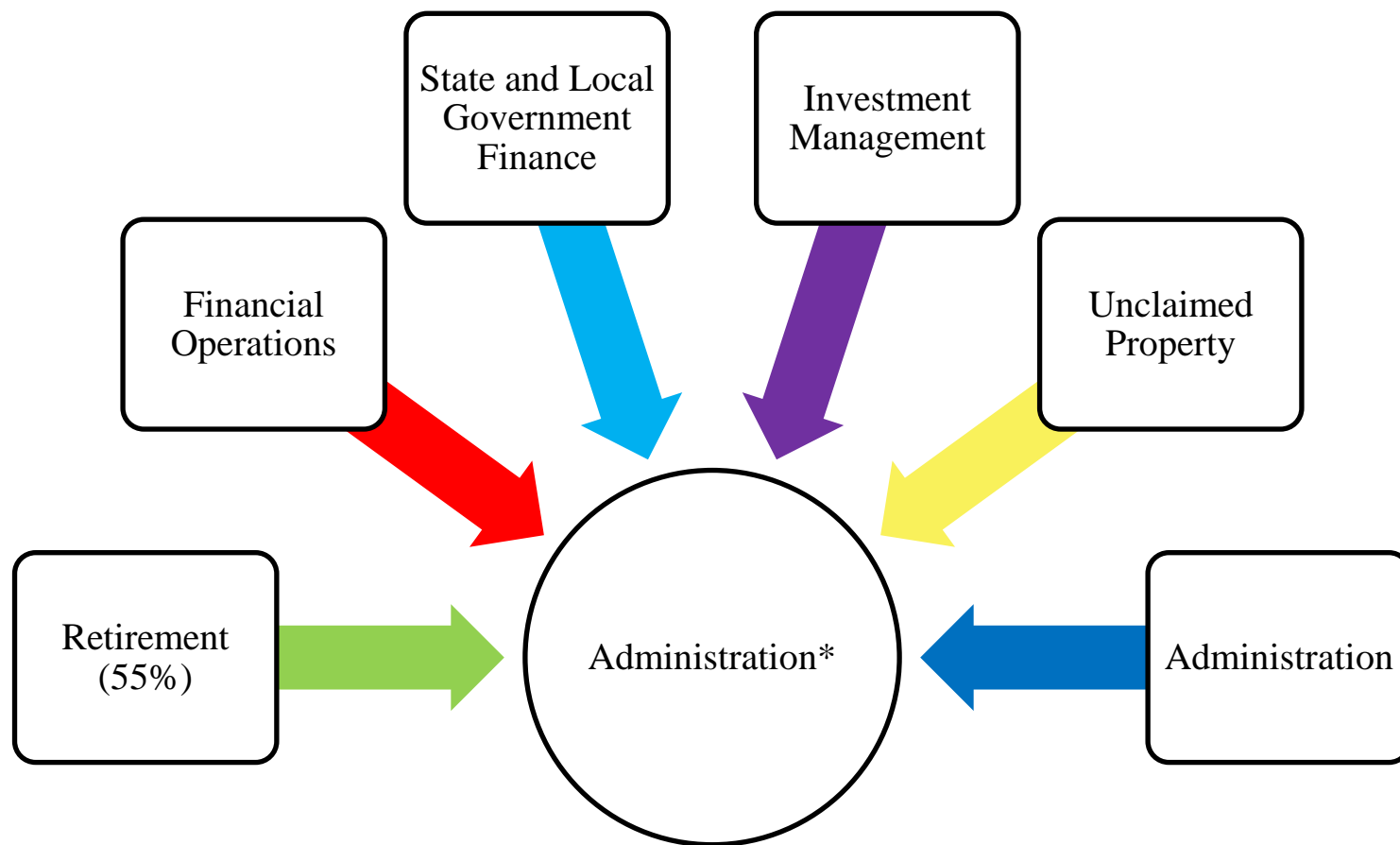


Administration of the Department

- Treasurer
- General Administration
- Legislative and Government Affairs
- Financial Operations*
- Information Management*
- Human Resources
- Internal Audit
- Community Affairs
- Communications
- Legal Counsel

* Separate Divisions within the Department

FY 2014-15 Support for Administration of Department, by Division, All Funds



*Administration includes Financial Operations and Information Management

Administration – Financial Operations

- G.S. 147-68 deposits all State funds with the Treasurer
- Provides Accounting Support services to the entire Department
- Provides Core Banking Services to the Entire State
 - Core Banking is allowed to cost allocate its appropriation to funds under management per G.S. 147-68.1.
 - S.L. 2012-142 allowed the Financial Operations Division to access investments under management by the Treasurer to upgrade the State's Core Banking System

Investment Management

- Manages approximately State Funds
- Investment criteria authorized in Article 6, G.S. 147
- Includes Cash Management, Pension Funds, Ancillary Investments.

State and Local Finance Division: Mission

The State and Local Government Finance Division handles the sale and delivery of all State and local debt and monitors the repayment of State and local government debt. Staff counsel and assist local governments in determining the feasibility of projects, the size of the financing and the most expedient form of financing. Additionally, this Division monitors and analyzes the fiscal and accounting practices of all local governments.

State and Local Government Finance

- Division funded by:
 - Distribution of Local Sales Tax (G.S. 105-501)
 - Fees associated with debt issuances (G.S. 159-6)
- Oversees State, Local, and other indebtedness
- Oversees local government finances
 - Unique to North Carolina
- Organization
 - Capital Facilities Finance
 - Debt Management Planning and Policy
 - Fiscal Management

Retirement Operations

- Administers Retirement and Fringe Benefit Plans for the State and other Systems
- Article V, Sec. 6 of NC Constitution
- 11th Largest Public Pension in the US
- 32nd Largest Pension Fund in the World

Retirement Operations: Plans Managed – Systems and Funds

- Teachers and State Employee Retirement System
- Consolidated Judicial Retirement System
- Local Governmental Employee's Retirement System
- Legislative Retirement System
- Firemen's and Rescue Workers' Fund
- National Guard Pension Plan
- Register of Deeds Supplemental Pension Fund
- Many Supplemental Plans

Unclaimed Property

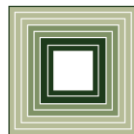
- Division that oversees Unclaimed (Escheats) Property
- Article IX, Section 10 of the Constitution
- Administers G.S. 116B
 - Involves:
 - Audit
 - Claims Processing
 - Call Center
 - Receipts Reporting

Information Requested

- Investment Portfolio Managers
 - Update of hiring the 10 managers
- Rental of new space
 - Status of that space
 - Upgrade costs incurred including call center modernization
- Update of the audit
- Update of the Escheats Fund
- Retiree Contributory Death Benefit Open Enrollment
- Firefighters & Rescue Squad Workers' Data Audit
- Other Items –
 - Financial & Audit Services Funding

Questions

Fiscal Research
919-733-4910



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March 19, 2015